



General Assembly

January Session, 2017

Committee Bill No. 4

LCO No. 5401



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:
(ET)

**AN ACT CONCERNING MUNICIPAL ELECTRIC UTILITY
COOPERATIVES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 7-233c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 (a) Any two or more municipal electric utilities may, by concurrent
4 resolutions, duly adopted by the governing bodies of each of such
5 municipal electric utilities, create and become members of a municipal
6 electric energy cooperative under the name and style of "the
7 municipal electric energy cooperative", with some identifying phrase
8 inserted. The managing body of the municipal electric energy
9 cooperative shall be a cooperative utility board which shall be charged
10 with carrying out the corporate purposes and powers of the municipal
11 electric energy cooperative. The number of representatives to be
12 appointed at any time for full terms of office by the governing bodies
13 of such municipal electric utilities shall be such uniform numbers as
14 may be mutually agreed upon in said resolutions which number shall
15 be not less than two nor more than six for each member. After the
16 taking effect of the said resolutions of all such municipal electric

17 utilities and after the filing of certified copies thereof pursuant to
18 subsection (a) of section 7-233d, the agreed number of representatives
19 shall be appointed to the cooperative utility board by the governing
20 body of each municipal electric utility. The qualification of such
21 representatives, terms of office for the original representatives and
22 their successors and compensation, if any, by the member pursuant to
23 this section or by the municipal cooperative pursuant to section 7-233p,
24 shall be prescribed by each such governing body; provided, (1) each
25 such governing body shall appoint one representative who is a
26 residential or commercial ratepayer of such governing body's
27 municipal electric utility and who does not hold other official positions
28 in and is not employed by (A) such governing body, (B) the
29 municipality in which the member municipal electric utility operates,
30 (C) the governing body of any other member, (D) the municipality in
31 which any other member municipal electric utility operates, or (E) the
32 municipal electric energy cooperative, and (2) each other
33 representative shall be an official or employee of such municipal
34 electric utility. In addition to paying such compensation as may be
35 prescribed pursuant to this section or section 7-233p, a member may
36 reimburse its representatives for expenses for travel, both within and
37 without the state, incurred by them in connection with services as a
38 designated representative on such board. Before such municipal
39 cooperative can be validly and legally formed each of the
40 municipalities represented by a municipal electric utility joining
41 together to form the municipal cooperative must, by proper
42 proceedings duly adopted, consent and agree to such formation of the
43 municipal cooperative.

44 (b) After the creation of a municipal cooperative under subsection
45 (a) of this section, any other municipal electric utility may become a
46 member of the municipal cooperative if (1) the municipal electric
47 utility files with the municipal cooperative (A) a resolution, duly
48 adopted by its governing body, requesting membership in such
49 cooperative, and (B) a certified copy of the proper proceedings, duly
50 adopted by the municipality represented by the municipal electric

51 utility, consenting and agreeing to such membership, and (2) after the
52 municipal cooperative receives such filing, the governing bodies of at
53 least two-thirds of the municipal electric utilities comprising the
54 membership of the municipal cooperative at the time of such filing
55 duly adopt a resolution approving membership of such municipal
56 electric utility in the municipal cooperative. After the filing of certified
57 copies of all such resolutions with the Secretary of the State pursuant
58 to subsection (b) of section 7-233d, the governing body of the
59 municipal electric utility being added to the municipal cooperative
60 shall appoint representatives to the cooperative utility board of the
61 municipal cooperative. The number of such appointed representatives
62 shall be the same as the number mutually agreed upon by the other
63 members of the municipal cooperative pursuant to subsection (a) of
64 this section. The provisions of said subsection (a) concerning the
65 qualification, compensation and terms of office of, and reimbursement
66 of travel expenses for, representatives of the existing members of the
67 municipal cooperative shall apply to representatives of such municipal
68 electric utility.

69 (c) A municipal electric utility that is a member of a municipal
70 cooperative may withdraw from the municipal cooperative if: (1) Such
71 withdrawing municipal electric utility continues to fully perform all of
72 its obligations under any contract it has with the municipal
73 cooperative or provides sufficient funds in trust for the benefit of the
74 municipal cooperative to satisfy such obligations, (2) the withdrawing
75 municipal electric utility files with the municipal cooperative a
76 resolution, duly adopted by its governing body, approving the
77 withdrawal, and such resolution is filed with the Secretary of the State
78 in the same manner as provided in subsection (c) of section 7-233d,
79 and (3) the municipality represented by the withdrawing municipal
80 electric utility does not disapprove of such withdrawal, by vote of the
81 municipality's legislative body, within thirty days after the adoption of
82 such a resolution.

83 (d) (1) Upon appointment of its representatives by the members of

84 the municipal cooperative, the cooperative utility board shall organize,
85 select its chairman and vice-chairman from among said board and
86 proceed to consider those matters which have been recommended to it
87 by the several members of the municipal cooperative.

88 (2) The cooperative utility board may hold such meetings and
89 public hearings as it deems desirable and the powers of the municipal
90 cooperative shall be vested in the representatives thereof in office from
91 time to time. The cooperative utility board shall hold any such
92 meetings and public hearings in the state. The municipal cooperative
93 shall post on its Internet web site and provide to participants notice of
94 and the agenda for each meeting and public hearing, and any changes
95 made thereto, not later than five days before such meeting or public
96 hearing. Each participant shall post on its Internet web site and
97 provide to the municipality in which it operates such notice, agenda
98 and changes not later than four days before such meeting or public
99 hearing. Each such municipality shall post on its Internet web site such
100 notice, agenda and changes not later than three days before such
101 meeting or public hearing.

102 (3) A majority of the entire authorized number of representatives of
103 the municipal cooperative shall constitute a quorum at any meeting
104 thereof. Action may be taken, motions voted and resolutions adopted
105 by the municipal cooperative at any meeting of the cooperative utility
106 board by vote of a majority of the representatives present, unless in
107 any case the bylaws of a municipal cooperative or an amendment to
108 such bylaws shall require a larger number for adoption or any
109 representative of the cooperative utility board requests that the vote be
110 based on megawatt-hour purchases. If such a request is made, [(1)] (A)
111 each representative shall have a number of votes equal to the total
112 number of megawatt-hours purchased by the representative's member
113 municipal electric utility from the municipal cooperative during the
114 preceding completed calendar year, provided, if the municipal
115 cooperative includes a new member municipal electric utility which
116 purchased part or all of its power and energy from a supplier or

117 suppliers other than the municipal cooperative during such year, each
118 representative of such new member municipal electric utility shall
119 have a number of votes equal to the total megawatt-hours purchased
120 by such new member from such other suppliers during such year plus
121 the total number of megawatt-hours purchased from the municipal
122 cooperative during such year, and [(2)] (B) any action, motion or
123 resolution taken, voted or adopted by the municipal cooperative at
124 such meeting shall be by a favorable vote of sixty-seven per cent or
125 more of the total of such votes of the representatives who are present
126 at the meeting and who vote, provided at least a majority of the
127 members of the municipal cooperative approves such action, motion or
128 resolution. Notwithstanding any provision of this subsection or of
129 subsection (g) of this section to the contrary, a unanimous vote of all of
130 the representatives of the municipal cooperative shall be required
131 before said municipal cooperative can exercise the power of
132 condemnation or eminent domain provided in this chapter.

133 (4) The municipal cooperative shall post on its Internet web site and
134 provide to participants the minutes of such meeting or public hearing,
135 including any actions taken, motions voted and resolutions adopted,
136 not later than five days after such meeting or public hearing described
137 in subdivision (2) of this subsection. Each participant shall post on its
138 Internet web site and provide to the municipality in which it operates
139 such minutes not later than six days after such meeting or public
140 hearing. Each municipality shall post such minutes on its Internet web
141 site not later than seven days after such meeting or public hearing.

142 (5) The cooperative utility board may appoint and employ a chief
143 executive officer, a treasurer, a secretary, a general counsel and such
144 officers, advisors, consultants and other agents and employees as it
145 may deem necessary, and the cooperative utility board shall determine
146 their qualifications, terms of office, duties and compensation.

147 (e) Organizational expenses incurred by a municipal cooperative
148 shall be paid ratably by each member in the same proportion as the

149 population or area of operation serviced by each such member bears to
150 the total population or area of operation serviced by all members or by
151 such other method as determined to be fair and equitable by the
152 cooperative utility board. Such payments shall be made by each
153 member whether or not that member utilizes the electric power or
154 energy made available or furnished to such member.

155 (f) Each representative of a municipal electric energy cooperative
156 shall hold office for the term for which he was appointed and until his
157 successor has been appointed and has qualified. A representative of a
158 municipal electric energy cooperative may be removed only by the
159 cooperative utility board for inefficiency or neglect of duty or
160 misconduct in office and after he shall have been given a copy of the
161 charges against him and, not sooner than ten days thereafter, had
162 opportunity in person or by counsel to be heard thereon by such
163 governing body. A member may remove one or more of its
164 representatives with or without cause at any time.

165 (g) A municipal cooperative may adopt, on a prospective basis,
166 methods of voting for all or specifically designated matters. Any such
167 methods shall be specified in the bylaws of a municipal cooperative or
168 in an amendment to such bylaws unanimously adopted by the
169 members of the municipal cooperative. A municipal cooperative may
170 distinguish the voting rights of its members based on whether a
171 member is a full requirements customer or a partial requirements
172 customer of the municipal cooperative or based on the term of the
173 contractual obligations for power and transmission supply each
174 member incurs with respect to the municipal cooperative, provided
175 any such distinctions shall treat similarly situated members in a
176 comparable and nondiscriminatory manner. For purposes of this
177 subsection, "full requirements customer" means a wholesale purchaser
178 of electric power or transmission services whose electric energy
179 supplier is the sole source of long-term firm power, and "partial
180 requirements customer" means a wholesale purchaser of electric power
181 or transmission services that directly owns or operates generating or

182 transmission assets that are insufficient to carry all of such purchaser's
183 electric load and whose electric energy supplier is a supplemental
184 source of long-term firm power.

185 (h) A municipal cooperative shall cause a full financial audit of its
186 books and all accounts to be conducted annually by an independent
187 auditing firm and in accordance with generally accepted accounting
188 standards. The auditor shall submit (1) a report that includes an
189 opinion regarding the financial statements and a management letter,
190 and (2) a report that includes an opinion on conformance of the
191 operating procedures of the municipal cooperative with the provisions
192 of chapter 101a and the bylaws of the municipal cooperative, and any
193 recommendations for any corrective actions needed to ensure such
194 conformance. The municipal cooperative shall post on its Internet web
195 site and provide to participants such audit report not later than seven
196 days after such audit report is received by the municipal cooperative.
197 Each participant shall post on its Internet web site and provide to the
198 municipality in which it operates such audit report not later than five
199 days after such audit report is received from the municipal
200 cooperative. Each such municipality shall post on its Internet web site
201 such audit report not later than five days after such report is received
202 from the participant.

203 (i) A municipal cooperative shall annually provide the following, in
204 accordance with the provisions of section 11-4a, to the joint standing
205 committee of the General Assembly having cognizance of matters
206 relating to energy: (1) A list of the current members and officers of the
207 cooperative utility board described in subsection (d) of this section; (2)
208 a copy of the most recent annual report of the municipal cooperative;
209 (3) a copy of the most recent audited financial statements, management
210 letter and audit reports of the municipal cooperative that are required
211 under subsection (h) of this section; (4) a copy of any conflicts of
212 interest policy of the municipal cooperative; (5) a copy of the
213 municipal cooperative's most recently filed Internal Revenue Service
214 form 990, including all parts and schedules that are required to be

215 made available for public inspection under the Internal Revenue Code
 216 of 1986, or any subsequent corresponding internal revenue code of the
 217 United States, as amended from time to time; (6) a copy of the bylaws
 218 of the municipal cooperative; and (7) as to any employee of the
 219 municipal cooperative, a report listing the position of each employee
 220 and the amount of the salary, wages and fringe benefit expenses paid
 221 to each such employee.

222 (j) If a municipal cooperative holds a strategic retreat or similar
 223 activity, it shall hold such retreat or activity in the state. The
 224 cooperative utility board shall approve, at a meeting, such retreat or
 225 activity, including the location, the purpose, planned participants, any
 226 entertainment and any gifts of value. Such retreat or activity shall
 227 include meetings to conduct business and the municipal cooperative
 228 shall provide to the cooperative utility board, not later than five days
 229 after such retreat or activity, an agenda, a list of attendees and the
 230 meeting minutes. Such retreat or activity shall not include any
 231 entertainment or gifts of value other than that approved by the
 232 cooperative utility board.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2017	7-233c
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Statement of Purpose:

To increase public awareness and provide transparency regarding municipal electric energy cooperatives.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. OSTEN, 19th Dist.; REP. RYAN, 139th Dist.
 REP. RILEY, 46th Dist.; SEN. FORMICA, 20th Dist.

S.B. 4